

## US EXECUTIVE APPROVAL FORM

**CUSTOMER NAME:** Virginia Mason Medical Center

**PARTNER/VAD NAME:**

### SECTION I - Approval Requests:

#### HQAPP Requests:

1. Waiving the User Minimums Ebusiness Suite – HQAPP
- 2.

#### TIER 1 Requests:

1. Store plus 45 % discount for a total of 70% - Tier 1
- 2.

#### TIER 2/3 Requests:

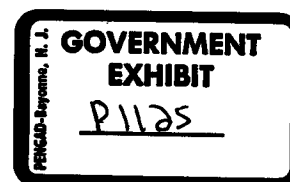
1. License Price Hold up to 2 years for the eBusiness Suite, Database EE, iAS EE, Internet Developer Suite, RAC and Collaboration Suite at the 70% Discount with a minimum purchase level of \$50,000. – Tier 2
2. Approval for Controlled Availability for iRecruitment – DJ Chhabra

#### Previously approved requests (include date of approval):

- 1.
- 2.

### SECTION II – Deal Summary:

Deal Summary	
Programs	4 Processors Internet Application Server Enterprise Edition, 10 Named Users Internet Developer Suite, 40 Named Professional Users eBusiness Suite, 4820 Named Employee Users eBusiness Suite, 4860 Persons iRecruitment
License Discount	70% (ebiz + 45 %)
Support Discount	70 % (ebiz + 45 %)
Comp & Admin Discount	
Phased Implementation for Comp & Admin?	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO
Subset of Users	See checklist below and forward a spreadsheet to NASINFO/OGEHINFO
Support Options/Holds	
Price Holds	EBusiness Suite, iRecruitment, DB EE, iAS EE, iDS, Collaboration Suite, RAC
List License	\$2,461,000.00
List Support	\$ 541,420.00
List Comp & Admin	
Net License	\$ 738,300.00 – Store Plus 45%
Net Support	\$ 162,426.00 – Store plus 45%
Net Comp & Admin	
Net Total Price	\$900,726
Price List Used	3-7-03



Customer History - Existing Price Holds	
Existing contractual discount (price hold)	%
Date of Price List for price hold	
When does price hold expire?	
Price hold program categories (database, server, crp, crm, hr/payroll, app suite)	
Name of Agreement if applicable	

### SECTION III - Justification:

Virginia Mason Medical Center (VMMC) is a private, non-profit organization offering a system of integrated health services. The medical center includes a large, multi-specialty group practice of more than 390 physicians, offering both primary and specialized care and a regional network of neighborhood clinics. VMMC has 4860 employees and approximately 400 beds, and does approximately \$500 million in annual sales. Virginia Mason is an Oracle Database customer that has invested over \$1 million dollars in our database products.

#### Head to Head with Peoplesoft in Healthcare:

We are in an extremely competitive, "head to head" Applications selection against PeopleSoft, for VMMC's ERP requirements (Financials, Human Resources, and Materials Management). We have spent over 9 months in detailed functional demonstrations and workshops driving our functional and technical solution fit to VMMC's requirements. Peoplesoft has been competing vigorously, and has leveraged many local hospitals, as references of Peoplesoft's dominant market position in Healthcare. Further, Oracle Application are not well accepted in the healthcare, and we have only been able to bring forward a few references in hospitals for full ERP functionality.

#### Aggressive Peoplesoft Proposal:

VMMC plans to implement the chosen application over the course of three years in a slow and controlled rollout. PeopleSoft has offered an extremely aggressive discount based on the Peoplesoft Suite pricing, and is also willing to sell their products in phases to coincide with Virginia Mason's implementation roll out. They have offered price hold protection on the entire deal, at a very aggressive discount. Even at a 70% discount, Oracle will still be more expensive than PeopleSoft for the total license footprint.

#### Peoplesoft in Healthcare:

Peoplesoft has a very strong track record in the Healthcare sector, with several local Pacific Northwest Hospitals that run Peoplesoft applications to reference. In the Healthcare community, market share is extremely important, as Healthcare people tend to recommend what they know and are comfortable with. There are not a lot of risk takers in the Healthcare market segment. Peoplesoft has built a strong vertical focus over a number of years, and has a dominant industry position over Oracle in this space.

#### Microsoft Competitive Landscape:

A further competitive issue at VMMC is that we are in Microsoft's backyard here in Seattle, and VMMC is a very notable local Hospital with many relationships in the local business community. Microsoft has been trying to crack into VMMC at the technology level for several years, and the large board of directors for VMMC (over 40 members including many prominent physicians) has many pro Microsoft members, and the board always asks the question, "Why don't we use Microsoft Technology?" Although, the CTO is favorable towards Oracle technology and has made a significant investment, he is continually attacked by the board on this issue. He is doing everything he can to hold Microsoft out of the account.

#### Technology as the differentiator – Total Cost of Ownership

After the lengthy technical evaluation, we have ended up in a virtual tie in applications functionality with Peoplesoft. There are several people on the functional evaluation team who in fact favor Peoplesoft, but we have been able to convince them there are no major "showstoppers" with the Oracle functionality, and Oracle applications will meet their business requirements. However, with Peoplesoft's dominant position in Healthcare, and their strong local references, we will lose the deal at the current level of functional parity. The industry experience is the tiebreaker, and that goes to Peoplesoft in this deal. However, we have worked very closely with the CTO who is an Oracle advocate, and have determined a strategy that is working to differentiate Oracle against Peoplesoft, and keep Microsoft out of the account in the long term at the technology level for years to come.

As part of this Applications transaction, Oracle can, by providing aggressive future price protection on additional Oracle technology licenses (database) and for Oracle Collaboration Suite that VMMC is looking to implement over the next 2 years, create a competitive situation that Peoplesoft can not match, and provide a clear advantage to Oracle in terms of Total Cost of Ownership.

This linkage to the future technology and Collaboration Suite licenses and the price holds requested here, provides a positive effect on the VMMC budget for the next 2 years allows the CTO at VMMC to present to the board of directors a clear financial reason why they should choose Oracle over Peoplesoft for their ERP requirements, and provides a pricing structure that will allow him to defend against the Microsoft attacks at the technology level. If we can obtain this approval, the CTO has told us he can make this deal happen for Oracle Applications over Peoplesoft.

**Oracle Showcase in Healthcare for Applications and Technology:**

This would represent a significant win for Oracle against Peoplesoft in the Healthcare space. Further, the CTO has agreed to be an outstanding Oracle Showcase reference for our technology platform, Collaboration Suite, 9iAS, Portal, and our ERP applications for Financials, Human Resources, and Materials Management. In the hotly contested healthcare segment, this commitment to be a show case reference will pay significant dividends for Oracle in Healthcare. Further, highlighting a complete Oracle technology shop in Microsofts back yard would be a very powerful message as well.

We appreciate your support of this extremely competitive deal.

**Recommendation:** *(leave blank for HQAPP to fill out)*

**Submitted By:** Morgan Radocha, Mike Arntz - AVP

**Field RM name if submitted by iSD:**

R: *(leave blank for HQAPP to fill out)*

C:

L:

A:

BP:

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**PLEASE NOTE THAT HQAPP WILL NOT REVIEW ANYTHING BELOW AND NOTHING BELOW WAS CONSIDERED FOR THEIR APPROVAL. ONLY DETAILS IN THE REQUEST SECTION (SECTION I) ABOVE WERE CONSIDERED IN THE APPROVAL GRANTED.**

**SECTION IV – Computer and Admin Services:***(Delete this section if not applicable)*

**If Computer and Administration Services or Administration Services are being ordered please provide information below:**

Does this deal include Phased Implementation?	
License minimums met at each implementation phase?	
Is customer purchasing the Ebusiness Suite? Yes If so what is the total employee population? 40 employees	
Is the 20% rule met in each phase?	
Is the 10% professional user rule met in each phase?	
Computer and Administration or Administration Services hosting minimums met at each implementation phase? Yes (\$6,000 monthly for C&A and \$4,000 monthly for Admin for EBSO only (\$6,000 monthly for C& A for Collaboration Suite) (\$12,000 monthly for C&A for EBSO and OTO and \$8,000 monthly for Admin only for EBSO and OTO) Example: A customer wishes to purchase Computer and Administration Services for 9i and Financials. The net annual fees for 9i are \$65K and the net annual fees for Financials are \$100K. An incremental fee is not required since the total fees of \$165K are greater than the \$144K annual minimum Note: If a customer is purchasing a database/ias license simply to be in compliance with E-Business Suite requirements (e.g. they are making modifications), they must purchase Outsourcing for the database/ias as well the E-Business Suite application, but this is not considered Technology Outsourcing and they only need to meet the E-Business Suite minimums of \$48,000 for Administration Services only and \$72,000 for Computer and Administration Services. On the other hand, if the customer is specifically implementing 9iAS/9i functionality such as Portal or Data Warehouse in addition to E-Business Suite, that is considered Technology Outsourcing and the customer must meet the minimums for both Technology and E-Business Suite Outsourcing. Thus, the minimums would be \$96,000 for Administration Services only and \$144,000 for Computer and Administration Services. The customer must be in compliance with database licensing requirements	
Does this deal have a subset of users?	
What is the entire License set? What is the justification for a subset?	
Standard Ordering Document Terms?	
Standard pricing?	
Is Customer using the Certified Configuration (applies to Admin only)?	
Administration Services or Computer and Administration Services: Computer and Administrative Applications or Technology or both:	
Customer email address (required):	
Service Implementer (required):	
For existing licenses - (NOTE: Validation of existing licenses and support must be obtained from licmgmt@us.oracle.com)	CSI Number _____ Original License Agreement _____ Original Order Entry No. _____ Date of Original License Purchase _____
Are additional users being purchased for applications that are already hosted? No	
Is this purchase of Administration Services or Computer and Administration Services by a customer who is purchasing Outsourcing for additional products which were not previously hosted?	
Are any self-service apps for use outside the firewall being purchased?	
Did customer purchase FastForward OnLine Financials RPM (5 day implementation preconfigured general ledger)?	
Is customer purchasing an iLearning Subscription?	

**SECTION V – Ordering Document Details****Instructions - Fill in all sections completely.**

**APPROVAL REQUIREMENTS** - Refer to the Approval Matrix at <http://esource.oraclecorp.com>

**PRICING REQUIREMENTS** – Refer to Price List and Price List Supplement for minimums and prerequisites.

**PRICING SPREADSHEET** – Include a pricing spreadsheet showing all products, quantities, license types, pricing, and discounts. Indicate if discount for drafting contract differs from approved discount.

**MIGRATIONS** - If your deal contains a migration, you must submit a Migration Worksheet to the ELM (eBusiness License Migrations) team. Refer to <http://nafo.us.oracle.com> under the Contract Management tab and e-Business License Migrations header to download the spreadsheet and for additional information.

**Note: All business approvals & quotes are valid through the quarter they were approved, unless a formal RFP or Tender requires a longer validity period.**

General Information	
Contract requested by (insert date): 5-2-03 After all approvals are obtained - Allow 24 hours for standard contracts and 48 hours for non-standard contracts.	
Opportunity I.D. (OSO Number): 836572 836572	
Is this a ship order?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Deal Structure (indicate Direct, Pass-Through, Sublicense, or Trial License):	Direct
Is this deal the result of a compliance issue that LMS has been involved in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does deal contain new licenses with an <i>approved</i> non-supported license type (i.e. metric is not nor ever has been on Oracle's price list):	<input type="checkbox"/> Yes (specify non-supported license type and eBusiness license type used to determine conversion) <input checked="" type="checkbox"/> No
Quote Valid Through (insert date):	
Partner (insert name, if applicable)?	Margin or % of net license fees _____
VAD (insert name, if applicable)?	Margin or % of net license fees _____
PARTNER PAYMENT: If this is a direct deal, does it involve a Partner Referral Fee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes, specify payment type:	<input type="checkbox"/> Applications Affiliate Fee <input type="checkbox"/> ROP Fee (GB Use Only)
MIGRATIONS OR UPDATES:	Yes <input checked="" type="checkbox"/> No
PREMIUM SERVICES:	Yes <input checked="" type="checkbox"/> No
INCIDENT PACKS:	Yes <input checked="" type="checkbox"/> No
INTERNATIONAL: Requires an International Notification Form to be forwarded to your manager, contract specialist, and NASINFO or OGEHINFO.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Payment Terms:	<input checked="" type="checkbox"/> Net 30 <input type="checkbox"/> Other (Specify)
Referenced Agreement:	<input checked="" type="checkbox"/> New OLSA

	Other (Specify)
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Customer and Administrative Information – all fields must be filled in	
<b>Customer's EXACT Legal Name:</b>	Virginia Mason Medical Center
Business Address:	1100 Olive Way, Suite 750
City / State / Zip:	Seattle, WA 98101
Customer Contract Admin:	Mike Pollastro
Phone #:	206-625-7398
Fax #:	206-223-6794
E-mail ID:	mike.pollastro@vmmc.org
<b>Billing Contact:</b>	Mike Pollastro
(Partner/VAD if Indirect):	
Address:	1100 Olive Way, Suite 750
City / State / Zip:	Seattle, WA 98101
Phone #:	206-625-7398
Fax #:	206-223-6794
E-mail ID:	mike.pollastro@vmmc.org
Tax Status :	Exempt ____ (Need certificate for ship to state if not on Oracle's Tax Exemption Log)
	Non-Exempt <u> x </u>
<b>Shipping Contact:</b>	Mike Pollastro
Address:	1100 Olive Way, Suite 750
City / State / Zip:	Seattle, WA 98101
Phone #:	206-625-7398
Fax #:	206-223-6794
E-mail ID:	mike.pollastro@vmmc.org
<b>Technical Support Contact:</b>	Mike Pollastro
Address:	1100 Olive Way, Suite 750
City / State / Zip:	Seattle, WA 98101
Phone #:	206-625-7398
Fax #:	206-223-6794
Email ID:	mike.pollastro@vmmc.org
<b>Partner Name (Indirect):</b>	
Address:	
City / State / Zip:	
Contact Admin:	
Phone #:	
Fax #:	
E-mail ID:	

Education (EPPC)	
Education Prepaid Credit Amount:	\$ _____
Education Discount:	_____ %
Education Revenue:	\$ _____
Education Sales Rep:	

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**PROCESSOR/NAMED USER PROGRAMS/COMPUTER PROGRAMS (REQUIRED INFORMATION)**

Make and Operating System required for each program:

Make: HP  
OS: Unix  
PROGRAMS:

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Applications		
Will applications be modified:	Yes	<input checked="" type="checkbox"/> No
Will users be accessing modified Apps from the web:	Yes	<input checked="" type="checkbox"/> No
Have all prerequisites been included:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Will users use Fast Forward RPM:	Yes	<input checked="" type="checkbox"/> No
Will applications be hosted:	Yes	<input checked="" type="checkbox"/> No
Indicate database that Apps will run on:	Oracle	
Indicate CSI for existing prerequisite database and tools:		

Options not requiring HQAPP, Tier 1, or Tier 2 Approval	
(1)	
(2)	
(3)	
(4)	

Internal Administrative Information	
Applications Sales Manager	Morgan Radocha
Technology Sales Manager	Nick DeSanti
Account Manager	Morgan Radocha
iSD Rep	Caryn Bleile
Education Sales Rep	Victor Miller
Support Renewals Rep	Ann Vick
Premium Support Rep	
Migrations Manager	
Is there a teaming agreement?	<input checked="" type="checkbox"/> Yes (if yes, list all appropriate reps) Richard Baldwin No
Requester:	Name: Morgan Radocha Business Telephone: 425-637-3234 Cell Phone: 206-853-6081